

PERCEPTION OF CORPORATE SOCIAL RESPONSIBILITY IN COMPANIES OF EASTERN SLOVAKIA REGION IN 2009 AND 2010

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Abstract

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The article deals with the perception of Corporate Social Responsibility in companies of Eastern Slovakia region in 2009 and 2010. It aims to evaluate the survey performed in selected companies with the aim to find answers to the research questions (concerning the rate of perception of Corporate Social Responsibility, the evaluation of using a concept in the company, the importance of engagement in this area and so on) and with the assistance of selected methods for the examination.

Different companies have framed different definition. Our own definition is that Corporate Social Responsibility is about how companies manage the business processes, to produce an overall positive impact on society. Holme said that Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society. Stakeholders are persons, groups or organizations that has direct or indirect stake in companies actions, objectives and policies (include creditor's customers, directors, employees, government, owners, suppliers, unions and the community).

Based on findings and a comparison of the results is made focusing on stakeholder's area, and suggestions are offered for the improvement in areas examined.

Corporate Social Responsibility, CSR, stakeholder's dialogue, stakeholders

Corporate Social Responsibility has become a part of daily business activities more than before. Companies recognize their impact on the environment and the interests of internal stakeholders and as well as external stakeholders. The concept of corporate social responsibility is built on triple-bottom line consisting of economic responsibility, social responsibility and environmental responsibility. Business world has undergone several changes over the last decades, considering the role of multinational companies (MNCs) as well as small – and medium sized enterprises (SMEs). Moreover, MNCs and SMEs should focus not only on profit (primary bottom line), but on people (second bottom line) and planet (third bottom line) aspects of their business activities as well Bielík, Smutka, Horská (2010) and Egerová, Jiřincová, Lančarič, Savov (2013).

The Corporate Social Responsibility is now a huge potential for companies to change. Especially large companies actively present their activities in this area of social responsibility and thus from Corporate Social Responsibility gradually become an instrument of competitiveness. Corporate Social Responsibility (also CSR) provides a systematic approach that helps integrate environmental, social, economic and ethical criteria into business management decisions. It allows companies to reduce energy consumption and waste production, and to reduce costs, to strengthen customer's loyalty to the brand name, making new innovative products and practices, opening new markets and acquires and maintains the best workers, improves relations with the public and partners, reduces legal risks and insurance costs and ensures a higher quality of life Hitchcock, Willard (2009). These and

other benefits are unavoidable for the concept of CSR, so we decided to conduct a survey of CSR perception in companies in the Eastern Slovakia region to verify how this concept is seen by selected companies. Today, the concept of Corporate Social Responsibility is a word with wide meaning in areas of companies and theory. (Or CSR for short, and in this paper we will use the term corporate social responsibility, or an abbreviated equivalent – CSR). The idea of CSR is not new; the form of this concept over the years has changed as well, as changing the view on the feasibility and benefit from this idea put into business practice. Opinions on this concept are different and there are also different views on CSR. Many authors, researchers, experts from business and corporate practice, although based their work on particulate sociological theories or concepts from the past, but a more comprehensive view of Corporate Social Responsibility, however in Slovakia has not yet been defined.

A definition which seeks to give all dimensions of the inclusion of CSR in a company has been offered by *Carroll (1979)*. Such a definition of the concept could help us understand better the role of CSR in business. *Carroll (1979)* says: “Corporate Social Responsibility includes economic, legal, ethical and philanthropic (or discretionary) expectations of the society towards a company in a given time” (see Fig. 1). These expectations reflect liability of the company in the form of a pyramid. The glossary) explains the concept of responsibility as “moral or legal obligation.” According to the identical view of business economists, theorists, practitioners and according to us, the primary and important goal for a company is to achieve an economic profit on which these legal, ethical and philanthropic responsibilities are standing.

The CSR model is widely accepted and is popular not only among scholars of economics and among social scientists, but also in business practice. In general, the company should try to make a profit, and thus to fulfil obligations to its shareholders or partners, ultimately to all interest groups (stakeholders). The next chapter further defines main stakeholders.



1: The pyramid model of Corporate Social Responsibility
Source: *Carroll (1979)*

Likewise, the pyramid model requires legal liability of the company, namely respect for the rule of law and the laws of the state in which the company operates. The other responsibility, which is generally expected, but no longer so required, compared with economic and legal responsibility, is ethical responsibility. Companies should be guided with ethical and moral rules, which are normal in a society in which the enterprise operates. This is true, even if they are not directly ethical standards required by law. The top of the pyramid model is philanthropic (discretionary) component. This category covers all fields of activity, which often go beyond the expectations of ethical conduct. These activities are purely at the discretion of the company and generally work only on a voluntary basis. Driver may be the desire of companies (represented by their owners or managers/executives) to engage in social and environmental issues of the society. According to *Carroll* the concept of CSR must include all four components of CSR, while it is clear that there is no clear boundary between the components of the model. Moreover, the content of what falls into the same category may be different in each company. In our opinion, the view of the concept of CSR is not still steady and unchangeable, and, it is obvious from the above model that it is good or even inevitable to adapt the concept according to the economic and legal environment, as well as according to ethical standards of the company or country in which we think of CSR and of applying the concept *Carroll (1979)*.

The basic concept of the discussion on Corporate Social Responsibility (CSR), however, remains the so-called stakeholders. It should be noted that the concept of stakeholders in Slovakia is confused with the concept of shareholders, thereby causing distortion of meaning. Shareholders are undoubtedly one of the most important stakeholders groups, but not only. *Norman E. Bowie* and *Ronald F. Duska* argue that the concept of stakeholders was first mentioned already in 1963 in the international memorandum of *Stanford Research Institute* and defined as “a group, without which support an organization or enterprise would not continue to exist” (*Olexová, Bašistová, 2009*). According to several authors (in the past, *Freeman (1984)*, *Evan and Freeman (1988)*, *Donaldson and Preston (1995)*, currently *Bussard (2007)*, *Kašparová (2009)*, this term means all persons, groups or organizations that have an impact on the functioning of an enterprise or its activities affect them back. This concept has no direct equivalent in the Slovak expression, but the nearest Slovak equivalents of this term which could be identified for that concept could be the terms “stakeholders” or “interest groups” or “subjects involved” because these are organizations, groups of people or individuals who are somehow involved in the operation of the corporation. These interest groups are divided into external (primary – initial) and internal (secondary – secondary).

I: Trends affecting the objectives of interest groups

Interest groups	Influencing goals trends
External stakeholders	
State	laws, regulations, taxes;
Local government	fees, regional development, sponsorship, employment;
Suppliers	higher power, solvency, payment terms;
Subscribers	favourable prices, providing additional services, transportation, quality of products;
Banks and investors	evaluation of deposits, early repayment;
Internal stakeholders	
Owners	expansion capital, growth in value, profit growth;
Management	growth of personal interest, growth in value, company image, prestige;
Staff	wage, social security and improve the working environment.

Source: Danková (2007)

The group of stakeholders in the broadest conception includes customers, shareholders, employees, business partners, suppliers, representatives of state and local governments, interest groups, non-governmental organizations (NGOs) and pressure groups, media, trade unions and international organizations. More specifically, further distribution groups, and trends affecting the objectives of individual members of groups are further discussed in Tab. I.

One of the most important economic theories which deals with corporate social responsibility, is called the stakeholder theory (or theory of interest groups) or the approach known as stakeholders analysis. The main objective of this analysis is that it requires an evaluation of the interests of all stakeholders in particular. The managers and business owners identify and survey the stakeholder's expectations and thus, a dialogue with stakeholders begins (stakeholder's dialogue) Kašparová (2009). Supposed that the company has an open and constructive approach to this dialogue then such a dialogue has an extremely positive result. Such cooperation can have many benefits not only for business but also for stakeholders. Undoubtedly we talk about strengthening the mutual trust among stakeholders, about the identification and resolution of problems important to all stakeholders, about a long-term partnership between private, public and non-profit sectors, about mutual motivation, dissemination of good examples, etc. The purpose of this theory is to serve to the interests of stakeholders. Then the above has resulted in two principles of which it is clear that the enterprise should be managed for the benefit of stakeholders and that the interests between them are essential to address:

1. The company should be managed so that it points to the benefit of its stakeholders (must be ensured the right of these groups and these groups should be involved in decisions that substantially affect their welfare);
2. The company management bears the burden of trustee-beneficiary relation to stakeholders and back to business (must act in the interest of the company to ensure the survival of those that will

protect the long-term interests of each group) according Hitchcock and Willard (2009).

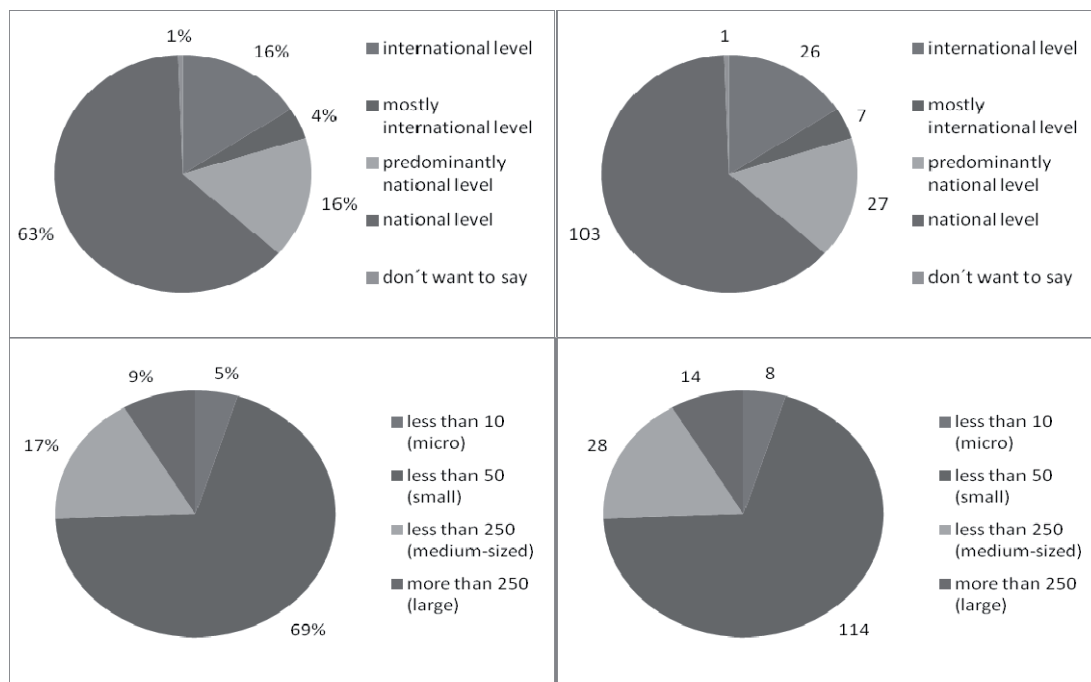
Many companies tend to consider stakeholders for groups with different conflicting interests, for example in relationships: customer – supplier, employees – shareholders, etc. But relationships are not exceptional; they require only synchronization, cooperation and collaboration. For example, the price for goods or services the customer pays depends on material costs, employee wages and payments to shareholders. Wages of employees affect consumer demand for goods and services, the need to modernize factories will limit the payout to shareholders. And so it goes for any group of stakeholders. Relationships with stakeholders are different and companies can consolidate and develop these relationships with various forms.

So, like Dzurenková (2010) says, and we agree with her: in particular, customers expect high quality, wholesome and safe products and services, products which do not harm the environment, ethics in company (respect for customers) and reasonable prices. Employees are mostly interested in stable employment, fair remuneration, safe and healthy working environment, harmonization of personal and professional life, or the opportunity to learn and develop professionally. Open communication should certainly work between employees and employers which mean that employees should have the opportunity to express their observations, suggestions, requirements, but also complaints Dytrt et al. (2004). The owners or shareholders demand transparency, protection, maintenance and development of capital investment, fair valuation, and compliance of requirements, proposals and decisions. Proponents of the theory of stakeholders recognize that companies have responsibility towards all sectors or groups.

Conflicts may arise in the form of struggle within stakeholder groups, for example, would be taken at any time – and any – the decision has somehow always been (adversely) affects one or more of the stakeholders.

OBJECTIVE AND METHODS

Between 2009 and 2010 we made a survey of CRS perception in which one of the primary objectives



2: Distribution of companies according to the level at which it operates and the number of employees in absolute and relative terms
Source: own processing

was to determine the perception of Corporate Social Responsibility in companies of the Eastern Slovakia region. We raised a research question: Does the concept of Corporate Social Responsibility run in selected companies of the Eastern Slovakia region? Are companies responsible to their stakeholders?

With the survey of perception we wanted to know the position of companies to this concept, what further activities in this area are provided, and we wanted to compare the particular results.

The survey involved 164 companies in the Eastern Slovakia region. The companies were selected randomly and then one questionnaire was carried out in each of them. Research includes the representation of small and medium-sized companies employing less than 50 to 250 employees (88%), representing a substantial part of the sample – 142 companies. In addition, 9% were interviewed companies employing more than 250 employees (14 companies), and 5% of companies with fewer than 10 employees (8 companies). The results are graphically captured in Fig. 2.

Summary of the perception of the Corporate Social Responsibility research says, that it was involved more than 71% – 117 small (with a staff of less than 50) and medium sized (with a staff of less than 250 employees) companies operating mainly at national and national levels in the sector S – Other activities (37 companies – more than 22.5%) and the sector C – Industrial production (19 companies – nearly 12%). To fulfil the objective the following methods were used: interviews using a questionnaire, generally logical methods, especially the method of analysis, through which we have identified the perception of Corporate Social Responsibility in companies of the

Eastern Slovakia region, mathematical and statistical methods (descriptive statistics), through which we have numerically and graphically displayed the results of the survey etc Hendl (2008).

RESULTS

In the time of October 2009 until December 2010 was conducted our own research on biphasic perception of Corporate Social Responsibility without sensitivity supported the concept of the CSR.

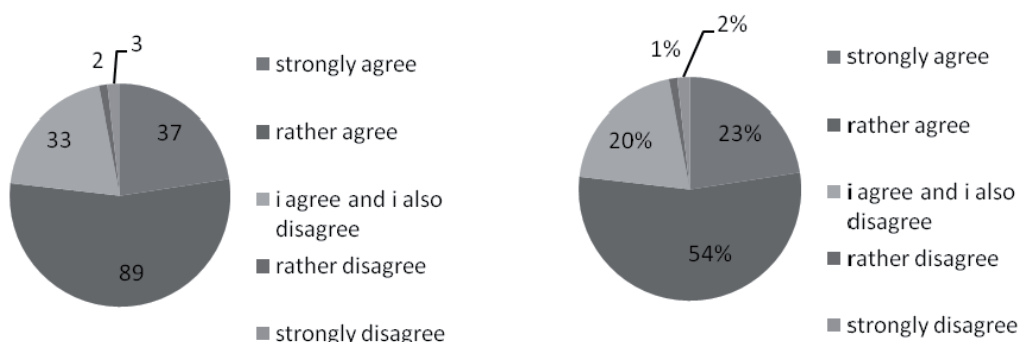
We had a number of issues:

1. Do you think it is important that companies engage in CSR activities?
2. What activities do you concretely envisage under Corporate Social Responsibility?

Questionnaires were filled out with personal visits and through a hyperlink – email alert (CAMI - Computer Assisted Interviewing Mailing through the pages www.iankety.sk) with representatives of management companies. Respondents have been for personal visits, as well as in terms of completion of the questionnaire explained.

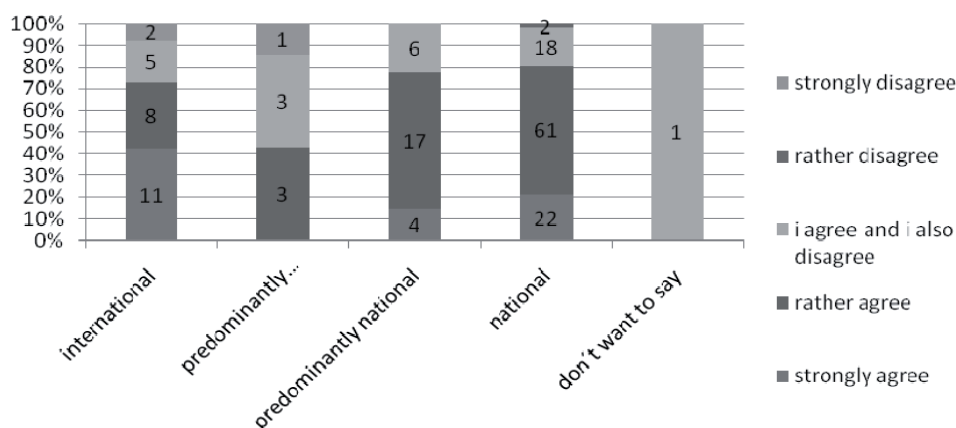
To the question of importance of being involved in Corporate Social Responsibility in the companies clearly expressed that it is important to be engaged in activities that are beneficial for them both inside and outside. The results are graphically captured in Fig. 3.

126 companies clearly confirmed that it is necessary for the companies to be involved in CSR activities; this represents 77% of the companies that strongly agreed with this statement. 33 companies



3: The importance of engaging companies in Corporate Social Responsibility activities in absolute and relative terms

Source: own processing



4: The importance of engaging companies in CSR activities by level at which they operate

Source: own processing

did not know whether it is important for them to make the companies involved also in socially responsible activities, and only 5 companies (representing 3% of the interviewed companies) disagreed with this statement to engage in CSR activities.

Businesses at the predominantly national level and at the national level mostly prefer engaging in CSR activities (104 companies). 24 companies operating at the national level both agree and disagree with the statement, and only 2 companies at the national level and 3 companies at the international level disagree.

The Fig. 4 shows the importance of engaging in CSR activities by the level at which the undertakings operate in the Eastern Slovakia region.

Next we were asking the companies what the socially responsible activities should be, and the companies were to sort these activities according to their importance from 1 – the most important, to 3 – less important. The activities which are preferred by the companies in Eastern Slovakia region as socially responsible activities are shown in the Fig. 5.

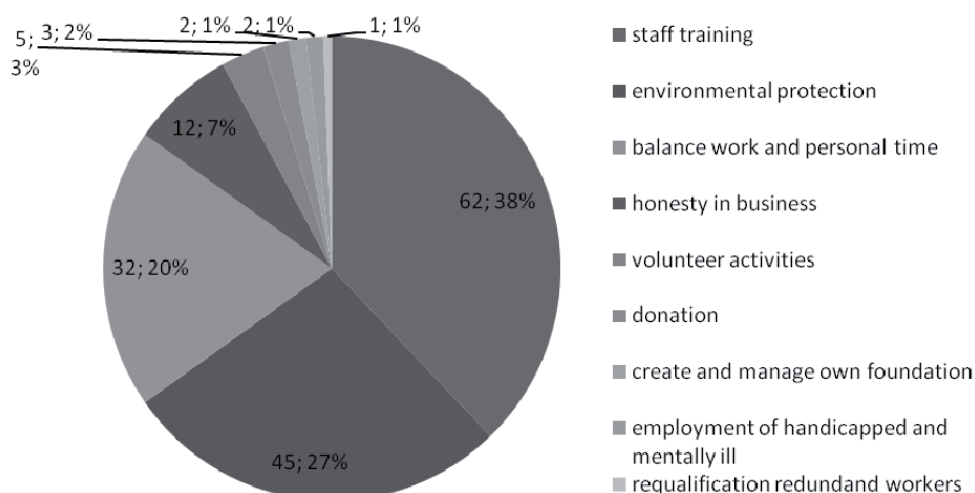
Honesty in business was designated the most important activity. 119 surveyed companies (73%) think that activity is most important. As next important activities of the CSR have been identified the following activities: training for employees –

identified by 22 companies (13% of respondents), environmental protection identified by 14 companies (8% of respondents). The activity which shall be considered the second most important when engaging in Corporate Social Responsibility activities is staff training which was identified by 62 companies which makes up 38% of the companies interviewed. The second activity, by importance the second most important activity for 45 enterprises is the environmental protection (identified by 27% of companies). The third of the second most important activity is the balance of personal and work time, which was identified by 32 companies, thus making 20% of respondents which are shown in Fig. 6.

The third most important activity for companies is the environmental protection (58 companies, or 5%), education of employees (identified by 26 companies or 16%), etc. The results are graphically captured in Fig. 7.

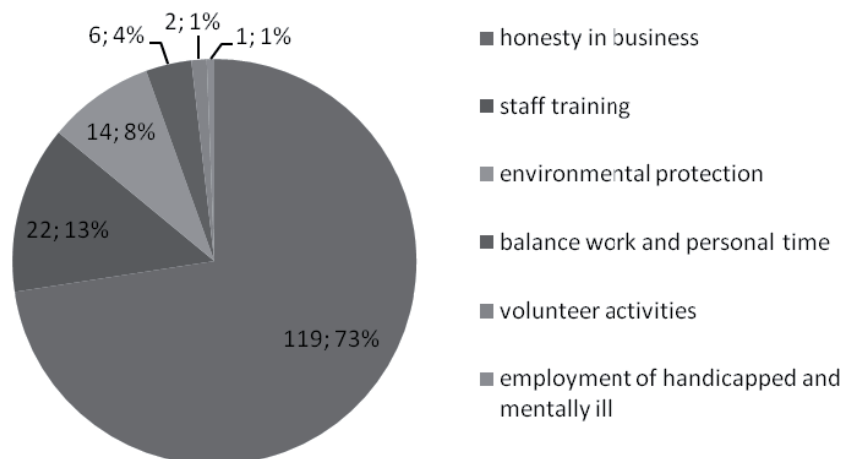
Further results, as well as conclusions and proposals of our perception survey were also presented in scientific journals – Business revue (Halagová, Bašistová, 2010), and Economics and Management (Halagová, Bašistová, 2009).

If we were to conclude from the facts found in relation to Corporate Social Responsibility in companies of the Eastern Slovakia region, responsible business conduct, relationships of



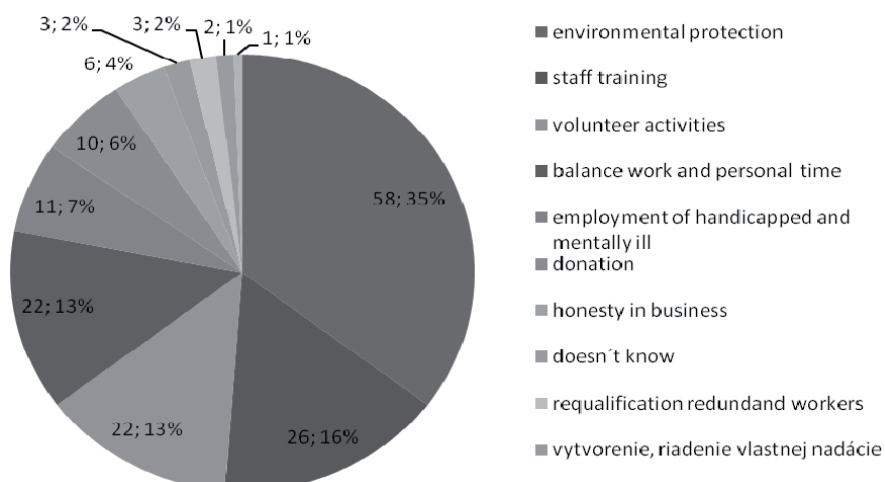
5: Participation of companies in Corporate Social Responsible activities in order of preference -1 - the most important activity

Source: own processing



6: Companies involvement in Corporate Social Responsibility activities in order of importance - 2 - the most important activity

Source: own processing



7: Involvement of companies in Corporate Social Responsibility activities in order of importance - 3 - most important activity

Source: own processing

stakeholders in the companies, we might note that companies in Eastern Slovakia will gradually begin to realize its social responsibility (responsibility of CSR) which they seek to show in their concrete results, objectives and programs. A still significant feature of these objectives is the internal interest of companies (in relation to economic prosperity – to make a profit), and in most companies, projection of the interest in consumer operates in these objectives only as “a need” to adapt to social requirements, respectively to the generally declared orientation to changes in corporate governance – emphasizing social responsibility.

CONCLUSION

The article points to the fact that if a company is committed to the concept of Corporate Social Responsibility it implements the Corporate Social Responsibility – and prefers activities that are known as socially responsible, and if employees perceive their business as socially responsible, it greatly increases their motivation, as well as loyalty and performance. Research shows us that companies eastern region perceive the concept of Corporate Social Responsibility. In view of the importance of engaging in the activities of CSR companies clearly agreed that it is important to engage in activities that are beneficial to them. Companies under the activities that constitute CSR declare that activities should be focused on activities that are directly related to the business, or that are concentrated inside the company. It means so that not only prefer honesty in business – 73% (as the invoice due respect, the use of legally purchased software, etc.), As well as training of employees – 13% support and balance personal and work time employees – 4%. The socially responsible activities that focus on the external business environment, it is slightly smaller, but still substantial interest. This includes in particular protection of the environment – 8% or voluntary activities for the benefit of the community – 1%. It is interesting to note that donations and foundation activities are considered less important socially responsible business activities. This is true but only if the system of the company is well sophisticated, functional and well communicated. We also recommend a static method (as a method of learning) to the companies.

It is one of the methods how to increase the variety of work. The essence of the method of job rotation is a way of rotating jobs in order to reduce stereotypes at work. It can either be performed in horizontal direction (the worker rotates over the similar jobs in the company, e.g. HR department is divided into several departments and staff rotates from department to department) but also in vertical direction – rotation of work of different levels.

During rotation of work some advantages occur to the benefit of each of the stakeholders which describes *Dytrt* (2004) and *Trnková* (2005) and we agree with them and complement and structure them into benefits for:

- *Employees*: appealing and attractive working conditions (an interesting task, freedom, autonomy, corporate culture focused on workers, flexible working conditions, opportunities for personal development, appropriate working environment, uncomplicated working atmosphere, job security, social benefits), education, social benefits, equal opportunities...
- *Managers*: the benefits of implementing the concept of CSR in the company can be divided into moral and economic. Moral benefits are nonfinancial benefits, but in a longer term they may bring a positive influence on management and financial resources of the company (corporate reputation (goodwill), differentiation from competitors, strengthening of corporate culture and strengthening of customer loyalty, opportunity for innovations...). The fact that moral benefits rarely bring immediate gains for the enterprise does not mean that they are not important. The economic benefits include reduction of costs of risk management, attracting and retaining quality employees, greater attractiveness to investors.
- *Shareholders*: an asset for shareholders and investors confidence is mainly managing the risk – (investors welcome a safe investment, a comprehensive approach to the CSR help to be aware of the risks and avoid them), profit growth (performance depends on knowledge, innovation, credibility and ability to contribute to the development of society and communities, decrease of costs), operational costs (energy savings, efficiency gains) *Dytrt et al.* (2004) and *Trnková* (2005).

SUMMARY

The Corporate Social Responsibility in the company pursues the primary objective: to improve the public image of the company. The enterprise is active in a certain area and informs its all target groups – i.e. stakeholders – shareholders, investors, customers, employees, suppliers... What's more – the more we are talking about Corporate Social Responsibility, the more companies in Slovakia and also in other countries find one and the same – more-or-less, we have already been doing the CSR but we have not called it like that so far. In 2009 and 2010 we carried out a survey of perception in the Eastern Slovakia region and we questioned the extent to which companies are familiar with the concept of Corporate Social Responsibility, if the companies know the idea of socially responsible activities

and how this concept affects the stakeholders. In general, the survey results can be summarized in a finding that each company has its own stakeholders, whether it is or not aware of the concept. They communicate with them and that is because we believe that there are more socially responsible enterprises than surveys state. The CSR, in our opinion, represents an added value for the company and may only be applied to a great pomp as it is practiced by many foreign companies. Sufficient are also simple activities that are socially responsible activities to people around the company, or in the company, and to the environment. Every effort should be appreciated.

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